EXHIBIT 49

ANNEXED TO THE DECLARATION OF HOWARD J. STEINBERG IN SUPPORT OF OPPOSITION OF PLAINTIFF THE NANCY SUE DAVIS TRUST TO MOTIONS OF NEW DAVIS DEFENDANTS AND ALBERT S. CONLY, LIQUIDATING TRUSTEE, FOR SUMMARY JUDGMENT

DAVIS PETROLEUM CORP.

A MANAGEMENT BUY-OUT OF A PRIVATELY HELD NORTH AMERICAN OIL & GAS EXPLORATION COMPANY

INVESTMENT MEMORANDUM SUPPLEMENT

RED MOUNTAIN CAPITAL PARTNERS LLC

FEBRUARY 13, 2006

IMPORTANT NOTICE TO LIMITED PARTNERS

The information in this memorandum is highly confidential. Disclosure of such information (other than to your legal, financial and other advisors) without the consent of Red Mountain Capital Partners LLC (together with its affiliates, "Red Mountain") is prohibited.

Red Mountain makes no representation or warranty as to the accuracy or completeness of the information in this memorandum. Any projection or forward-looking statement in this memorandum represents only the best, present estimation of Red Mountain, based upon information presently available to Red Mountain. Such projections and forward-looking statements are based upon assumptions about future events. Actual results may vary. Red Mountain disclaims all liability for the information in this memorandum.

In making your investment decision, you must rely exclusively on your own examination of the investment opportunity described in this memorandum and represent and warrant that you have such knowledge and experience in financial and business matters as would enable you to evaluate the merits and risks of such an investment and acknowledge that such an investment would be speculative and involve a high degree of risk.

By accepting this memorandum, you agree to the foregoing. If you do not agree to any of the foregoing, please advise Red Mountain as such and return this memorandum as soon as possible.

Alternative Transaction Summary

Issuer	Davis Petroleum Corp.
Transaction Description	Contingent Convertible Debt Financing
Security Description	20% PIK Junior Subordinated Secured Debt
Anticipated Closing Date	February 17, 2006
Total Capital Commitment	$100mm
Red Mountain Capital Commitment (50%)	$50mm
Additional Parri Passu Investor (50%)	Sankaty Advisors

I. Introduction

As we have informed you, the transaction we outlined in our Revised Investment Memorandum dated January 16, 2006 (the "Original Transaction"), to acquire Davis Petroleum Corp. ("DPC" or the "Company") has not been consummated because certain selling shareholders have refused to provide their consent to the proposed terms. We are continuing to negotiate with the selling shareholders and hope that we will be able to reach a successful conclusion. However, in the absence of a closed transaction, the Company's liquidity issues have increased and Bank of America ("BofA"), the Company's senior lender, and Sankaty Advisors ("Sankaty"), the Company's mezzanine lender, have issued notices of acceleration. Under the circumstances, the Company has no choice but to consider a bankruptcy filing.

We believe that the value of the Company is unimpaired and its business prospects are excellent. Indeed, we continue to receive very favorable reports on developments in the Company's offshore wells. As a result, we have worked with Sankaty to develop an alternative financing proposal (the "Alternative Transaction") that will require only the approval of the majority shareholder and will provide the Company with sufficient funds to cure all existing defaults and to execute its business plan. The Alternative Transaction will provide investors with superior downside protection relative to the Original Transaction and will preserve certain attractive upside characteristics. In the Alternative Transaction, we will not buy any of the Davis family's shares and will lend DPC up to $100mm on a secured basis with an after-tax PIK return of 20% per annum. We will also have the option, if the family issues equity or sells shares in the future, to convert a portion of our loan into 49% of DPC's equity on the same valuation we had negotiated in the Original Transaction (with downward adjustments to reflect transaction costs and additional liabilities).

The Company's revised cash flow projections are set forth in the Appendix. As you will note, a $100mm financing commitment will position the Company to be cash flow positive in June 2006 as revenue from the Bellis and Lorien offshore fields is realized. DPC management continues to project Bellis and Lorien production as early as April 2006.

We would prefer to acquire DPC through the Original Transaction and will propose the Alternative Transaction only if the Company would otherwise file for bankruptcy. As a result, we would like to be in a position to pursue both alternatives and to act quickly, if necessary. We are taking this opportunity to outline for you the proposed Alternative Transaction. Please refer to our January 16 Investment Memorandum for further discussion of the Company, its business plan and its asset base.

II. Transaction Partner

Sankaty Advisors is the credit affiliate of Bain Capital and has approximately $12 billion under management. Sankaty provided DPC with $23 million of subordinated debt financing in 2004 and a $20 million bridge loan in 2005 in

anticipation of an equity transaction. The proceeds from the Alternative Transaction would be used, in part, to pay off Sankaty's bridge loan. If the Alternative Financing is consummated, Sankaty would waive its notice of acceleration and keep its subordinated debt financing in place. As DPC's current mezzanine lender, Sankaty has a deep knowledge of the Company and a strong relationship with its management. Stuart Davies, a partner of Bain Capital and Sankaty Advisors, led the mezzanine financing and will lead the Alternative Transaction for Sankaty.

III. Transaction Overview

Sankaty and Red Mountain (the "Purchasers") will commit up to $100mm to acquire junior subordinated secured notes ("Notes") from the Company. The Purchasers will acquire $67mm of Notes at closing and will agree to acquire $33mm of Notes if the Company puts such Notes to the Purchasers. The proceeds will be used to retire Sankaty's bridge loan, to satisfy any outstanding obligations under the senior secured credit facility (including the retirement of hedges), to contribute to working capital and to provide funds for the completion and development of the Company's recent offshore discoveries and the acquisition of additional seismic data and leasehold interests. The Notes will fund essentially the same business plan as was intended in the Original Transaction.

The Notes will rank junior to the Company's existing senior secured credit facility ($20mm) and the existing senior subordinated secured debt ($23mm). The Notes will have a security interest in all of the collateral of the Company subordinate only to the security interests of the senior and the mezzanine debt.

The Notes will have a maturity of seven years and will carry an interest rate of 20% per annum that will be payable in kind ("PIK"). As a debt instrument, the interest will accrue and will be taxable to the holder. The Company will "gross-up" the Purchasers on a quarterly basis, in cash, for any tax liability that the Purchasers have on the Notes. The Notes will carry a default interest rate of 24% per annum. The Notes will be non-callable for five years; however, the Company may offer to prepay the Notes at any time in an amount equal to the accreted value of the Notes after five years (approximately 2.5x the aggregate principal amount).

In the event the Company or any shareholder transfers or issues any equity security or debt security with equity-like features during the life of the Notes or offers to prepay the Notes, the Purchasers will have the right to require that the Company convert the Notes issued at the first closing ($67mm) into 49% of the Company's equity on a fully-diluted basis. Upon such conversion, the Purchasers will be granted all rights customary for a 49% stockholder. Any Notes purchased at subsequent closings will remain outstanding and will mature on the seventh anniversary of the closing date (subject to standard acceleration provisions in the event of a change of control).

Sankaty and Red Mountain will appoint four Board observers and will have substantial inspection and approval rights through the Company's affirmative and negative covenants. Sankaty and Red Mountain will receive a $250k per annum collateral monitoring fee and will receive a fee of 2% of the aggregate principal amount of the Notes.

Sources and Uses of Capital

Sources		Uses	
Davis Family Equity Roll[1]	$69.7	Davis Family Equity Roll[1]	$69.7
Junior Subordinated Debt	67.0	Sankaty Senior Subordinated Debt Assumption	22.6
Sankaty Senior Subordinated Debt Roll	22.6	*BofA Senior Credit Facility Assumption*	20.0
BofA Senior Credit Facility	20.0	Sankaty Bridge Financing Paydown	20.3
		Hedge Retirement	9.0
		Working Capital Contribution	23.3
		Transaction Fees	2.5
		Remaining Cash	11.8
Total Sources	$179.3	Total Uses	$179.3

Capitalization

Pre-Money		Post-Money	
Davis Family Common Stock[1]	$69.7	Davis Family Common Stock[1]	$69.7
Sankaty Senior Subordinated Debt	22.6	Junior Subordinated Debt	67.0
BofA Senior Credit Facility	20.0	Sankaty Senior Subordinated Debt	22.6
Pre-Money Enterprise Value	$112.3	BofA Senior Credit Facility	20.0
Sankaty Bridge Financing	$20.3		
Negative Working Capital	23.3	Cash	(11.8)
Pre-Money Bridge Financing	$43.7	**Post-Money Enterprise Value**	$167.4

IV. Note Purchase Agreement

The Purchasers are represented by Proskauer Rose in Boston and the Company is represented by Thompson & Knight in Dallas and Houston. The Alternative Transaction will be documented through a Note Purchase Agreement that has representations and warranties and other material terms and conditions that are acceptable to the Purchasers. In purchasing the Notes, the Purchasers will not require the consent from minority shareholders nor will it seek any releases or indemnifications from any shareholders. DPC is named in the lawsuit brought by Patricia Davis Raynes which was addressed in the January 16 Memorandum, and certain of its directors and officers, including Gregg Davis, are also named in the lawsuit. The Company has potential indemnification liabilities with respect to such directors and officers. Sankaty and Red Mountain believe that we are protected from such claims through the Company's insurance policy and the collateral that secures the Notes. We have been advised that the obligations due under the Notes are senior to any such claims.

[1] *The equity value of DPC reflects the value negotiated in the Original Transaction ($85mm) less purchase price adjustments at closing, related break up costs and the existence of certain indemnification liabilities arising as a result of the Raynes lawsuit. The value of DPC in the Original Transaction has been reduced by approximately $15mm.*

($ in millions)

V. Valuation and Investor Returns

As outlined below, DPC's post-money net asset value, taking into account only proved reserves and other tangible assets less debt, will be $100mm.

Included Reserves	**Proved**	**+ Probable**	**+ Clipper**
PV10 as of 1-Jul-05	$112.1	$231.2	$286.0
Value of Land in Undrilled Prospects	10.9	10.9	10.9
Value of Carried Interest in Sold but Undrilled Prospects	9.5	9.5	9.5
Value of Seismic Data	10.0	10.0	10.0
Gross Asset Value	$142.6	$261.6	$316.4
Senior Debt	20.0	20.0	20.0
Mezzanine Debt	22.6	22.6	22.6
Net Asset Value (before Junior Subordinated Debt)	$100.0	$219.1	$273.9
Transaction Value / NAV	1.00x	0.46x	0.37x

The maximum Alternative Transaction value ($100mm) is 1.0x DPC's post-money NAV including only proved reserves as of July 1, 2005. Taking into account proved and probable reserves (including the Clipper discovery), the Alternative Transaction value is 0.4x DPC's post-money NAV. Taking into account an anticipated increase in proved and probable reserves since the July 1 reserve report, we believe the Alternative Transaction has more NAV coverage than that presented above. It is also possible that the entire $100mm will not be necessary to fund the plan. Because the loan is fully secured and supported by the family's equity, we believe that the downside protection in the Alternative Transaction is superior to that of the Original Transaction.

The after-tax IRR of the Notes will be 20% per annum (taking into account the gross-up). This would compare to a pre-tax equivalent 27% IRR for an equity transaction taxed at normal capital gains rates[1]. The IRR will increase if the Notes are prepaid during the first five years and the Purchasers decide not to exercise their conversion option.

The IRR should also increase if the Company or its shareholders issue or sell equity and the Purchasers exercise their conversion option. For purposes of conversion, the equity value of DPC reflects the value negotiated in the Original Transaction ($85mm) less purchase price adjustments at closing, related break up costs and the existence of certain potential indemnification liabilities associated with the Raynes lawsuit. The value of DPC in the Original Transaction has been reduced by approximately $15mm to $70mm. Because we are funding the same business plan as was proposed in the Original Transaction, the potential upside of a conversion should be comparable to that which was presented in the Revised Investment Memorandum for the Original Transaction. However, in the Original Transaction, the Consortium's control is superior and the potential for a near term IPO or other exit is higher.

[1] *Reflects a 25% combined Federal and local capital gains tax rate*

($ in millions)

Appendix A.
2006 Monthly Cash Flows

I. Key Assumptions

- Based on Management's monthly budgets as of January 26, 2005 reflecting a business plan financed by the Original Transaction
- Production is realized as revenue after a one month lag
- December 2005 and January 2006 oil production priced at the average daily West Texas Intermediate Cushing spot price for each month with Management price differentials
- December 2005 and January 2006 gas production priced at the average daily Henry Hub spot price for each month with Management price differentials
- March-November production priced at $60 per barrel of oil and $8 per mmcfe of gas with Management price differentials
- Bellis comes back online and Lorien initiates production in mid-May

II. Key Considerations

- Forward pricing assumption is below the current Nymex strip; however, there could be unforeseen downward pressure on commodity pricing that would materially impact projections
- There are at least $11mm in discretionary capital expenditures that can be pushed out until after offshore revenue begins to be realized in June
- Cash balance reflects cash [accruing to DPC's shareholders SHOULD THIS BE "TO THE BUSINESS" OR SOMETHING ELSE] and does not take into account a cash float in the business [typically amounting to approximately $10mm]

III. Projections

	Projected											
	January	February	March	April	May	June	July	August	September	October	November	December
OPERATIONS												
Prior Month Production												
Oil (mbo)	13.2	14.4	14.2	16.3	15.5	69.7	123.3	145.8	145.4	145.5	146.0	145.5
Gas (mmcfe)	382.7	397.3	401.9	454.9	444.7	526.9	589.8	657.7	659.9	676.9	696.4	686.3
Total Production (mmcfe)	461.7	483.9	487.3	552.6	537.6	945.1	1,329.6	1,532.3	1,532.5	1,549.8	1,572.2	1,559.3
Prior Month Commodity Pricing												
Price per Barrel of Oil	$59.41	$65.48	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00	$60.00
Price per mcfe of Gas	13.05	8.69	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Cash Inflows from Operations												
Revenue	$5.6	$4.2	$3.9	$4.4	$4.3	$7.9	$11.3	$13.1	$13.1	$13.2	$13.3	$13.2
Overriding Royalty Interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedge Income (Losses)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Cash Inflows from Operations	$5.6	$4.2	$3.9	$4.4	$4.3	$7.9	$11.3	$13.1	$13.1	$13.2	$13.3	$13.2
Well Operating Expenses	0.8	0.6	0.6	0.6	0.6	0.9	1.1	1.2	1.2	1.2	1.2	1.3
General & Administrative Expenses	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.7
EBITDA	$3.6	$2.4	$2.1	$2.5	$2.4	$5.7	$8.9	$10.6	$10.6	$10.7	$10.8	$10.2
Financing Fees	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transaction & Other Fees	0.0	6.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Expense / (Income)	0.0	0.0	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hedging Costs	0.0	9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense	0.6	0.1	0.6	0.1	0.1	0.6	0.1	0.1	0.6	0.1	0.1	0.6
Cash Flow from Operations	$3.0	($15.4)	$0.7	$2.4	$2.3	$5.0	$8.8	$10.5	$9.9	$10.6	$10.7	$9.5
CAPITAL EXPENDITURES												
Undeveloped Acreage Costs												
Rentals	$0.1	$0.2	$0.4	$0.2	$0.2	$0.0	$0.1	$0.0	$0.0	$0.1	$0.0	$0.1
Land Costs net of Recovery	(0.7)	(0.2)	(0.1)	5.3	5.0	0.0	(0.2)	0.3	0.7	(0.1)	(0.2)	0.8
Seismic Costs	0.0	0.0	0.0	0.4	0.4	2.3	1.1	1.1	3.3	1.1	1.1	3.3
Total Undeveloped Acreage Costs	($0.6)	$0.0	$0.2	$5.8	$5.5	$2.3	$1.0	$1.4	$4.0	$1.1	$0.9	$4.3
Drilling Costs												
Bellis	$0.3	$0.1	$1.5	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Lorien	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Clipper	1.4	5.4	1.8	0.0	3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Offshore	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0
Texas, Louisiana & Oklahoma	6.0	0.4	1.9	2.2	0.7	0.1	0.1	1.0	0.0	2.9	0.7	0.0
Rocky Mountains	0.4	0.0	0.3	0.1	0.4	0.7	0.5	0.6	1.2	1.3	0.5	1.7
Total Drilling Costs	$8.1	$6.3	$6.4	$2.3	$5.0	$0.8	$0.7	$1.6	$1.3	$5.2	$1.2	$1.7
Completion & Facility Costs												
Bellis	$0.6	$0.5	$3.7	$0.3	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Lorien	1.1	2.7	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Clipper	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Offshore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Texas, Louisiana & Oklahoma	0.7	0.4	0.6	0.5	1.6	0.3	0.3	0.5	0.1	0.2	0.2	0.5
Rocky Mountains	0.8	0.3	0.5	0.0	0.2	0.2	0.2	0.3	0.2	0.4	0.1	0.1
Total Completion & Facility Costs	$3.2	$3.9	$11.8	$0.8	$1.7	$0.5	$0.5	$0.8	$0.3	$0.6	$0.4	$0.7
Other Well Costs & Inflation	2.2	0.3	0.8	0.7	0.7	0.3	0.3	0.6	0.4	1.2	0.4	0.6
Total Well Costs	$13.5	$10.5	$19.0	$3.8	$7.4	$1.7	$1.5	$3.0	$1.9	$7.0	$2.0	$2.9
Furniture, Fixtures & Equipment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Expenditures	$12.9	$10.5	$19.2	$9.6	$13.0	$4.0	$2.5	$4.5	$5.9	$6.1	$2.9	$7.2
FINANCING ACTIVITIES												
EPL Financing	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Sankaty Bridge Loan	0.0	(20.3)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Infusion	0.0	67.0	14.8	7.2	10.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Gross Up	0.0	0.0	(0.4)	0.0	0.0	(1.1)	0.0	0.0	(1.3)	0.0	0.0	(1.4)
TOTAL CASH FLOW	($9.9)	$20.8	($4.2)	$0.0	$0.0	$0.0	$6.4	$6.0	$2.7	$2.5	$7.8	$0.9
Beginning Cash	($6.7)	($16.6)	$4.2	$0.0	$0.0	$0.0	$0.0	$6.4	$12.4	$15.0	$17.5	$25.3
Ending Cash	(16.6)	4.2	0.0	0.0	0.0	0.0	6.4	12.4	15.0	17.5	25.3	26.2

($ in millions, except per unit data)

EXHIBIT 50

INTENTIONALLY REMOVED AS HIGHLY CONFIDENTIAL.

TO BE FILED UNDER SEAL